

August 10, 2012

Ms. Elizabeth Palen
Director, Virginia Housing Commission
General Assembly Bldg, 2nd floor
910 Capitol Street
Richmond, Virginia 23219

Dear Ms. Palen,

The enclosed documents tell the story of the struggle WindsorMeade residents have had in acquiring a resident member of the WindsorMeade Williamsburg, Inc. Board of Directors.

In 2010, Senator Saslaw scheduled a hearing before the Labor and Commerce committee to discuss the legislation Senator Barker offered mandating a resident member of their Board of Directors. A representative of VANHA spoke against the measure saying "if residents of a CCRC desire a resident member on their Board of Directors, all they have to do is ask".

Not so – as we can demonstrate. Shortly after that General Assembly committee meeting the Residents council of WindsorMeade put their request in writing to the WindsorMeade management. You can follow the trail of requests, compliance and action with a final decision that of no.

We continue to let the WindsorMeade administration and the Virginia United Methodist Home staff know of our strong interest in obtaining a seat on their WindsorMeade Board of Directors. There is an empty seat on that Board and has been since WindsorMeade opened in 2007.

We hope this information will help to clarify to all of the CCRC panel members how diligently we have pursued this effort. As part of the process the resident council responded to questions posed by the President of the Virginia United Methodist Homes, which we believe supplied a thoughtful rationale for a resident member of the Board.

We appreciate the time each member of the panel has dedicated to a review of CCRCs and look forward to your recommendations.

Sincerely,



Barbara Hildenbrand
The Villas at WindsorMeade
4223 Corbridge Course
Williamsburg, Virginia 23188 757-220-8060

HISTORY OF REQUEST FOR A RESIDENT MEMBER OF THE BOARD OF DIRECTORS OF WINDSORMEADE OF WILLIAMSBURG.

Index of documents

- 1. Letter from the Residents Council of WindsorMeade to the Executive Director of WindsorMeade requesting a resident member of the Board of Directors.**
- 2. Response from WindsorMeade Executive Director, Marilyn Gladding.**
- 3. Memo to the members of the residents council re a meeting held to discuss the request for a resident member of the Board of Directors. (Chris Henderson is President of the Virginia United Methodist Homes)**
 - 3.a Questions presented by Chris Henderson for the consideration and response from the Resident Council as to reason for request for a member of the Board of Directors, with answers.**
- 4. Letter of response from VUMH to Resident Council, denying request.**
- 5. Resident Council response to denial**
- 6. Ruling from Office of Virginia Attorney General**
- 7. Letter to Chair of the VUMH Board of Directors (no response)**

***RESIDENTS COUNCIL OF WINDSORMEADE
WILLIAMSBURG, VIRGINIA***

May 13, 2011

Ms. Marilyn Gladding
WindsorMeade Executive Director
3900 Windsor Hall Drive
Williamsburg, Virginia 23188

Dear Ms. Gladding,

On behalf of the Residents Council and the residents of WindsorMeade Williamsburg, I am writing you to convey our request for a voting member on the WindsorMeade Williamsburg Board of Directors, such member to be elected by and from the residents of WindsorMeade.

We look forward to your prompt response.

Sincerely,

John Golden
President, WindsorMeade Residents Council

CC: Chris Henderson, President VUMH
7113 Three Chopt Road #300
Richmond, Virginia 23226

3900 Windsor Hall Drive, Williamsburg, Virginia 23188



May 17, 2011

Dear Mr. Golden,

I am in receipt of your letter dated May 13, 2011 regarding the request of the Residents Council and the residents of WindsorMeade of Williamsburg to have a "voting member" serve on the WindsorMeade of Williamsburg Board of Directors and that "such member is to be elected by and from the residents of WindsorMeade." I also want to confirm with you that Chris Henderson, President and CEO for Virginia United Methodist Homes, is also in receipt of like letter and my acknowledgement shall serve as such for both Mr. Henderson and myself.

Mr. Henderson and I spoke regarding the aforementioned matter on this date. Per Mr. Henderson, the WindsorMeade Board of Directors will be in discussion regarding this matter at their next meeting scheduled for May 18, 2011. However, it is not anticipated that a determination will be reached regarding this request on that date. Please be advised that notification will be forwarded to you referencing the decision of the Board of Directors once a determination has been made on this item.

With sincere appreciation,

A handwritten signature in cursive script that reads 'Marilyn Gladding'.

Marilyn Gladding
Executive Director
WindsorMeade of Williamsburg

From: hcopley1 <hcopley1@cox.net>

To: Dickenski <Dickenski@aol.com>; rfm1 <rfm1@cox.net>; hdncjn <hdncjn@cox.net>; aaacsa <aaacsa@cox.net>; john.golden <john.golden@windsormeade.com>; waitgun <waitgun@cox.net>; albeelkie <albeelkie@aol.com>; gallender4 <gallender4@gmail.com>; hcopley1 <hcopley1@cox.net>

Subject: Sceduled Meeting with Chris Henderson, Thursday, Aug. 11

Date: Fri, Aug 12, 2011 4:51 pm

A scheduled meeting was held on Thursday, August 11 in the WindsorMeade Board Room with Chris Henderson, Marilyn Gladding, Charlotte Copley, Barbara Hildenbrand and John Golden. The topic of our discussion was the Council's letter requesting a voting member on the WindsorMeade Board. The discussion was very positive, and we gave Chris and Marilyn our thoughts on the subject. Chris mentioned that there is presently an opening on the Board. We also recieved a list of questions regarding what the Council's goals and objectives are for resident board membership; what the role and responsibilities would be; how the resident board member would be selected, etc.?

I would like to get all Council members' input on answering these questions so we have to move ahead quickly. A council meeting will be scheduled soon in August to discuss and review this subject. Thank you for everyone's advice.

John Golden

1. Why is board membership desired by the Residents' Association?

We are looking for better communications with the board of directors since the decisions by the board and managers of VUMH have a direct impact on our daily lives. We also want to have an input on the issues facing the board and a vote on the decisions that will affect our future.

2. What roles and responsibilities does the Residents' Association envision for the resident on the Board?

The responsibilities of the resident board member would be the same as other members of the board. The resident board member would also keep the Residents' Association informed about issues and decisions of the board which affect the life and investment of the residents at Windsormeade. We would envision a written position description which would make clear the resident board member's roles and responsibilities.

3. What are the Residents' Association ultimate goals and objectives of resident board membership?

The ultimate goal of the Association and the resident board membership is to ensure a viable and financially sound community that will serve the needs of the current and future residents. We believe we share this goal with the other members of the board and VUMH and that we can contribute to meeting these goals by directly providing input as residents of the community.

4. What are the Residents' Association expected outcomes as they relate to resident board membership?

We intend to be a positive, contributing influence to the long term interests and management of Windsormeade. We will do whatever we can to make this community grow and be successful.

5. How does the Residents' Association envision the resolution of conflict of interest issues that will arise?

We believe the resident board member will be able to act solely in the interest of those totally affected without regard for personal or partisan concerns. If and when conflicts arise they will have to be discussed with the board and appropriate decisions made.


6. What information will the Residents' Association expect the resident board member to report back to the residents and/or Residents' Association?

Board members are held to a measure of confidentiality that is in concert with the necessary conduct of its fiduciary obligations and applicable laws. The resident board member would of course have to comply with such obligations but at the same time to the extent possible provide sufficient and adequate communication to the residents and Association as to the issues discussed and decisions made by the Board.

7. How does the Residents' Association expect the resident board member to be selected?

At this time it is our intention to designate the current President of the Residents' Association to be the intermediate resident board member. In March 2012 when we go through the election process for the Resident Association Council members, we will solicit nominations for and have the residents vote on a new position as a member of the Board. This elected resident board member would assume the position on April 1, 2012 and hold it for two years, at which time we would again go through the voting process.

Virginia United Methodist Homes of Williamsburg, Inc.
MEMORANDUM

To: Mr. John Golden, WindsorMeade Residents' Association President
Cc: Marilyn Gladding
From: Chris Henderson 
Date: October 11, 2011

It was a pleasure talking with you, Mrs. Copley and Mr. Bongiovi on October 5, 2011. As we discussed, the VUMHW Board of Directors has carefully considered the Residents' Association's request for Board representation. The Board does not believe that resident Board membership is appropriate because of the issues we discussed which include challenges related to personal conflicts of interest and other matters.

The role of the Board of Directors is not to manage our organization, but to ensure that the Corporation is being managed well. The Board is not of the opinion that resident Board representation will enhance this position because of the excellent communications options between residents and management already in place. The Residents' Association meetings, Residents' Association Committee meetings, Town Meetings, and individual resident meetings to discuss personal matters, are the strongest opportunity for residents to express their opinions, desires and concerns related to WindsorMeade services to management.

With all of this information in mind, Board representatives will consider meeting occasionally with the Council leadership in an informal setting. The Board proposes a luncheon meeting on January 11, 2012, with the Council Executive Committee to discuss matter of concern. Please provide a suggested list of discussion topics for this luncheon to Chris Henderson by January 4, 2012, so the Board can discuss these matters prior to the luncheon.

Should the Council have any questions concerning the luncheon, please contact me at (804) 474-8700.

WindsorMeade Resident's Association
3900 Windsor Hall Drive
Williamsburg, VA 23188

October 12, 2011

Mr. Christopher P. Henderson
President/CEO
Virginia United Methodist Homes, Inc.
7113 Three Chopt Road, Suite 300
Richmond, VA 23226


Dear Chris,

Thank you for your Memorandum of October 11, 2011 in which you have concluded that the Board does not believe that a WindsorMeade resident on the Board is appropriate.

We are disappointed in your decision and respectfully disagree that a resident on the Board would not enhance our present lines of communication. While as you have noted we have established many options to talk to management, the missing link is being able to communicate with Board members about the issues and concerns we face as residents.

We do however accept your invitation to meet with Board representatives at a luncheon meeting on January 11, 2012. As requested I will provide you with a list of items we would like to discuss prior to January 4.

Sincerely,


John Golden
President

00-072

INSURANCE: CONTINUING CARE PROVIDER, ETC.

CORPORATIONS: VIRGINIA NONSTOCK CORPORATION ACT.

Resident of continuing care retirement community is not prohibited from serving as director on facility provider's board of directors. Fact that individual is resident of continuing care retirement community is not automatic compromise of his good faith judgment nor is it tantamount to personal interest in transaction. Resident's personal interest in transaction would not necessarily void transaction so long as material facts of his interest are made known to board. Fact that director is resident who may receive reasonable compensation for goods or services does not equate to inurement which would affect federal tax exempt status of facility.

The Honorable Emily Couric
Member, Senate of Virginia

The Honorable Paul C. Harris and Mitchell Van Yahres
Members, House of Delegates

September 25, 2000

You ask whether § 13.1-870 of the *Code of Virginia* prohibits a resident of a nonprofit continuing care retirement community ("CCRC") from serving as a voting member on the facility's board of directors. You also ask whether allowing such a resident to serve as a director is considered inurement under the Internal Revenue Code which would jeopardize the facility's tax exempt status.

A continuing care "facility" is a place "in which a person undertakes to provide continuing care to an individual."¹ The majority of these facilities are owned by nonprofit organizations.² Chapter 49 of Title 38.2³ sets forth various statutes regarding certain requirements of the provider of such facility, including registration by the provider with the State Corporation Commission,⁴ the filing of disclosure statements,⁵ and mandatory provisions of a resident's continuing care contract.⁶ Nothing in Chapter 49, however, addresses the composition or the duties of a CCRC provider's board of directors.⁷

Chapter 10 of Title 13.1, §§ 13.1-801 through 13.1-944, governs Virginia nonprofit corporations, including matters related to the boards of directors of such corporations. With respect to directors serving on the board of directors of a nonprofit corporation, § 13.1-870(A) provides that "[a] director shall discharge his duties as a director, including his duties as a member of a committee, in accordance with his good faith judgment of the best interests of the corporation." Additionally, § 13.1-871 addresses director conflicts of interests and states that "[a] conflict of interests transaction is a transaction with the corporation in which a director of the corporation has a direct or indirect personal interest."⁸ Notably, § 13.1-871(A) specifically provides that such a transaction is not voidable solely because of the director's interest in the transaction, providing the material facts of the transaction and the director's interest were disclosed or known and the transaction was approved, authorized, or ratified by the board,⁹ and the transaction was fair to the corporation.¹⁰

It is my opinion that nothing in the language of either § 13.1-870 or § 13.1-871 would prohibit a resident of a CCRC from serving as a director on its provider's board of directors. The mere fact that an individual is a resident of the CCRC is certainly no automatic compromise of his good faith judgment nor is his residency at the facility tantamount to a personal interest in a transaction.¹¹ Even assuming that the individual did have a personal interest in a transaction before the board, such interest would not necessarily void the transaction so long as the material facts of his interest were known or disclosed.¹²

Regarding the issue of inurement, an organization exempt from income taxation under § 501(c) of the Internal Revenue Code will lose its tax exempt status if any part of the organization's net earnings "inures to the benefit of any private shareholder or individual."¹³ This inurement prohibition "is generally directed at payments that are made to shareholders or individuals for purposes other than as *reasonable* compensation for goods or services."¹⁴ The singular fact that a director is a CCRC resident, and there is no indication that he is receiving unreasonable payments therefor, does not equate to inurement within the meaning of this section.¹⁵

Accordingly, it is my opinion that a resident of a CCRC is not prohibited from serving as a voting member of the CCRC provider's board of directors.¹⁶

¹Section 38.2-4900.

²See Comments, *Continuing Care Retirement Communities: A Promise Falling Short*, 8 Geo. Mason L. Rev. 47, 53 n.24 (1985).

³Sections 38.2-4900 to 38.2-4917.

⁴See § 38.2-4901.

⁵See §§ 38.2-4902 to 38.2-4904.

⁶See § 38.2-4905.

⁷Note that § 38.2-4910(A) provides that "[r]esidents shall have the right of self-organization"; § 38.2-4910(B) mandates that the provider's board of directors "shall hold meetings at least quarterly" with residents of the facility for discussion of issues related to the facility. There is no language in this statute, however, which indicates that it is the exclusive means for resident representation before the board.

⁸Section 13.1-871(A).

⁹Section 13.1-871(A)(1).

¹⁰Section 13.1-871(A)(3).

¹¹Compare §§ 2.1-639.2 and 2.1-639.31 (defining "personal interest" as "financial benefit or liability").

¹²See § 13.1-871(A); *see also* § 13.1-691(A) (governing director conflict of interests of stock corporations and containing parallel language to § 13.1-871(A)).

¹³See I.R.C. § 501(c)(3) (West Supp. 2000).

¹⁴[2000] 9 Stand. Fed. Tax Rep. (CCH) ? 22,609.026, at 41,689-90.

¹⁵*Compare* Tauber v. Commonwealth, 255 Va. 445, 499 S.E.2d 839, *cert. denied*, 525 U.S. 965 (1998) (discussing matter involving inurement wherein hospital issued bonds to doctors serving on hospital's board of directors in exchange for demand notes and did not enforce collection of such demand notes).

¹⁶Note that the election of any director to the board must be in accordance with all applicable corporate law.

**RESIDENTS COUNCIL OF WINDSORMEADE
WILLIAMSBURG, VIRGINIA**

November 30, 2011

Ms. Sue Stewart
Chair, VUMH
1600 River Farm Drive
Alexandria, Virginia 22308

Dear Ms. Stewart,

This communication is on behalf of the Residents Council of WindsorMeade.

In May, the Council directed a letter be written to Ms. Marilyn Gladding, Executive Director of WindsorMeade with a copy to Mr. Chris Henderson, President & CEO of VUMH requesting the inclusion of a resident of WindsorMeade as a voting member of the Board of Directors of WindsorMeade.

During the summer and fall we worked with Mr. Henderson and Mrs. Gladding to discuss and refine that request. Fully believing we were on the road to a mutual agreement that by 2012 the residents would have a member on the Board of Directors.

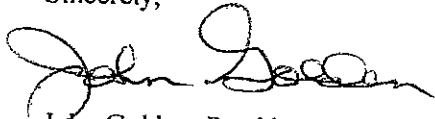
Now we are in receipt of a memorandum of October 11, 2011 from Chris Henderson stating the decision has been reached to deny our request..

Are you aware that other CCRC's in Williamsburg do have residents on their Board of Directors? Both Patriots Colony and Williamsburg Landing have resident input with a vote on their Board and we feel this alone invalidates the thinking there is a conflict of interest. It also places WindsorMeade at a marketing disadvantage. Nationally, there is a growing trend toward the active participation of residents with their CCRC.

It would be of great assistance to us if you could clarify and explain in detail the reason the Board of Directors has declined our request.

We value your input and direction as to how we might resolve this issue. An open discussion including all decision making participants would offer everyone the opportunity to air their views.

Sincerely,



John Golden, President

757-258-4770 john.golden@windsormeade.org

Cc: Chris Henderson

Company Number	Company Contact Information:
C0080	VIRGINIA UNITED METHODIST HOMES OF WILLIAMSBURG, INC. AND VIRGINIA UNITED METHODIST HOMES, INC. 7113 THREE CHOPT ROAD, SUITE 300 RICHMOND, VA 23226 (804) 474-8700
Company Type Information	
<p>A Continuing Care Retirement Community is a facility that provides board, lodging and nursing services to individuals on a long-term basis. Residents sign an agreement with the continuing care retirement community and pay an entrance fee. Although registered with the Virginia Bureau of Insurance, a continuing care retirement community is neither licensed nor regulated. It is suggested that prospective clients consult with their financial advisers before contracting with a continuing care retirement community.</p> <p>Please be aware that although a company is authorized, it may not necessarily write your business. If you are having problems with availability, it is suggested that you contact your local agent or the Bureau at <u>Bureau of Insurance</u> or (804) 371-9741.</p> <p>Some companies have provided us with a link to that company's website. The fact that a link is provided should not be considered an endorsement by the Bureau of the company, its products, the views expressed or the facts presented on that company's website.</p>	
Close Print	

To: Virginia Housing Commission/study of CCRCs

From: Barbara & Harold Hildenbrand

Subject: FINANCIAL STRUCTURE AND REPORTING AT Virginia United Methodist Homes of Williamsburg, Inc. (doing business as WindsorMeade of Williamsburg, Inc.) With a request for legislative support and action on behalf of consumers of a CCRC.

Purpose: to serve as an example of a fee for services CCRC contract and to assist the panel in evaluating any need for legislative protection of senior citizen consumers.

Attached are several pages of our financial agreement.

First, I want to draw your attention to the value of the entrance fee, on page 2. WindsorMeade has a total of 181 residences with similar entrance fees running in the hundreds of thousands of dollars. Please note the sentence starting with "There will be no restrictions on Our (our being VUMH) use of the Entrance Fee, and the Entrance Fee will not be changed---." Then, please move to page 16, item T no ownership interest paragraph which spells out the fact the refund is subordinate to any lien, charge, mortgage or other security interest or agreement now or hereafter placed on or affecting VUMHW and /or WindsorMeade, etc.

Points:

1. There is no consumer protection covering a resident's deposit and entrance fee at a CCRC.
2. In accepting the entrance fees – A CCRC obtains many millions of dollars, yet there are no restrictions placed on the use and or accounting of those dollars.
3. Having advised us our entrance fee refund is subordinate to---etc. Then please read the WindsorMeade document titled Non-profit Continuing Care Retirement Communities (CCRCs): The Financial and Health Security they can provide. (Document 2) WHICH DOCUMENT PREVAILS?
4. Transparency issue: when we moved into our residence at WindsorMeade of Williamsburg, Inc. in May 2008, the financial documents provided to us did not disclose the failure of WindsorMeade in meeting their loan covenants occupancy level and there was no disclosure of that fact until the publication of the FY 6/1/08 – 5/31/09. No financial advisor would have been able to find that information and alert us to any risk. When the loan covenants were missed a second time – severe cuts were made in promised services to residents and our monthly services fees were increased dramatically, as relative to cost of living index. This lack of disclosure complies with Virginia law.

Our request:

For legislation which requires current transparency of finances of a CCRC to all resident prospects and residents. Such a document should be current to within 60 days. At the present time the IRS 990 forms are used as part of the financial disclosure. At any given time, they can be at least six months out of date. The Virginia SCC disclosure document required by chapter 49 of title 38.2 of the Virginia code is

only a disclosure filing requirement. The members of the Virginia Housing Panel studying CCRCs were provided with a notebook of financial reports by the Virginia United Methodist Homes at the June meeting. Please note the filing is done as required by a Virginia code of 1950.

For legislation requiring defining how entrance fees can be used -- with a requirement to preserve and protect the huge investment of a senior citizen -- who is far past any opportunity to replace lost assets.

The loss of the "end of life care" planned and paid for by entering a CCRC creates enormous problems for that age group. Residents who have no status in the business decisions made by the management of a CCRC should be protected from any decision that leads to a loss of assets.

For legislation requiring a set time for the length of time a resident's entrance fee can be held after their departure of the residence for any reason. (*WindsorMeade has held a residence fee for one former resident for approximately 4 years -- with no end in sight for the length of time they will hold that fee.*) With the substantial entrance fee paid to enter WindsorMeade -- most seniors would be severely handicapped in securing another residence while unable to access their funds held by CCRC. This is money that may be desperately needed to meet emergency family needs or to settle an estate.

CCRCs state they are heavily regulated -- and that is true for the Assisted Living and Nursing components of a CCRC. The element that is not regulated includes the Independent Living units and they are the source of the resident fees and where the issue of consumer protection of assets is vital.

We ask for your review and consideration of the new Independent Life Style offered by the modern CCRCs. They are not nursing homes for the aging. Asset protection and financial transparency should be part of a modern Active LifeStyle CCRC that offers a village for senior citizens in a secure environment.

Harold and Barbara Hildenbrand
4223 Corbridge Course
Williamsburg, Virginia 23188
757-220-8060

WINDSORMEADE OF WILLIAMSBURG

RESIDENCY AGREEMENT – NON-PIONEER (90% REFUND PLAN)

This is an Agreement between **Harold B. Hildenbrand & Barbara J. Hildenbrand** (either "Resident", "Joint Resident(s)", "You" or "Your") and Virginia United Methodist Homes of Williamsburg, Inc. (either "VUMHW", "Our", "We" or "Us"). We are a Virginia, not-for-profit corporation operating a continuing care community known as WindsorMeade of Williamsburg (sometimes referred to as either "the Community" or "WindsorMeade"). (If two people sign this Agreement as Residents, this is a Joint Residency Agreement, and the term "You" shall refer to each person individually and to both people together, as the context may dictate).

You acknowledge receipt of a copy of the Application for Residency, this Agreement and the Disclosure Statement. The Application for Residency (including the financial, health and related documents submitted by You in relation thereto) and the Disclosure Statement are, by this reference, made part of this Agreement.

A. ACCEPTANCE FOR RESIDENCY

We agree to provide You with the following residency and services in an available independent Residence of Your choice, subject to the terms and conditions of this Agreement. We consider all Applications for Residency without regard to race, religion, national origin or ancestry. If this is a Joint Residency Agreement, except as otherwise provided herein, each Joint Resident is required to satisfy the admissions criteria independently. A minimum age of 62 is required at the time of Residency, provided that Our Executive Director may, in the case of married Joint Residents, require that only one Joint Resident meet the minimum age requirement.

You agree to comply with the terms of this Agreement and Our reasonable policies and procedures, as they may be modified from time to time, provided they are consistent with the provisions of this Agreement. You also agree to provide updated health and financial information and documentation to Us from time to time upon Our reasonable request, and to inform Us immediately of any material change in Your health or financial condition. If a resident's financial position substantially deteriorates, the resident may be required to deposit monies as security for the payment of future Monthly Service Fees.

B. RESIDENCE ACCOMMODATIONS

1. Your Residence

You will have a personal, non-assignable right to reside in the Residence which You have reserved ("Your Residence"). Your Residence is type **Edinburgh** number **59 @ 4223 Corbridge Course**.

You may decorate and furnish Your Residence as You deem appropriate. Appliances and special equipment will be subject to the prior approval of Our Executive Director. You may arrange to make physical changes to Your Residence with the prior written approval of Our Executive Director. You will be responsible for the cost of materials and labor required to make such changes. When You vacate Your Residence, You will be responsible for any costs incurred in restoring Your Residence to its original condition, reasonable wear and

D. FEES

You agree to pay the following fees to Us as a condition of Your Residency:

1. Entrance Fee

You agree to pay to Us an Entrance Fee in the amount of \$ 676,800.00 for Your Residence, regardless of whether You physically occupy Your Residence. There will be no restrictions on Our use of the Entrance Fee, and the Entrance Fee will not be changed except as specifically stated in this Agreement. Except as otherwise provided, the Refund You receive under this Agreement (as referred to from time to time in this Agreement as "Your Refund"), if any, will be the full amount of Your Entrance Fee, reduced by 2% for each month of Your Residency (pro-rated for any partial month), until the end of the fifth month of Your Residency, after which time Your Refund will remain at 90% of Your Entrance Fee for the duration of Your Residency.

2. Monthly Service Fee

You agree to pay Us each month, starting with the month You establish Residency, a Monthly Service Fee applicable to Your Residence, prorated in the event Residency is established after the first day of the month.

- a. The initial Monthly Service Fee for Your Residence is \$ 3,890.00; provided, however, that if You execute this Agreement more than thirty days prior to establishing Residency, the initial Monthly Service Fee may be adjusted as provided below in subsection D.2.d (We will give You at least thirty days advance written notice of such adjustment). You agree to pay the Monthly Service Fee (as adjusted) on or before the first day of each month of Your Residency.
- b. The Monthly Service Fee stated above is based upon Residency by 2 person(s). If this is a Joint Residency Agreement, the Monthly Service Fee stated above includes a Second Person Monthly Service Fee of \$ 720.00. In such case, each of You will be jointly and severally liable for the full amount of the Monthly Service Fee. In the event of termination of this Agreement with respect to one of the Joint Residents or the permanent transfer by one of the Joint Residents to any of the Care Centers (as described in Section G.4 hereof), the Monthly Service Fee for the resident remaining in Your Residence will be reduced by the amount of the Second Person Monthly Service Fee then in effect as of the effective date of such termination or permanent transfer.
- c. The Monthly Service Fee is due and payable on the first day of each month of Residency. If it is not paid on or before the fifth day of the month, in addition to any other obligations hereunder, You agree to pay a **FINANCE CHARGE** at the rate of NINE PERCENT per annum (9% APR) until the Monthly Service Fee is paid in full.
- d. The amount of the Monthly Service Fee is intended to provide for the regularly offered services and conveniences as well as all other financial obligations and objectives of VUMHW and WindsorMeade, including for example debt service, taxes, lease obligations and other payments or distributions to VUMH. The Monthly

enter into a new Residency Agreement so long as such other Resident then satisfies Our then current admissions criteria independently.

F. TERMINATION AFTER RESIDENCY IS ESTABLISHED

1. Termination by Resident

You may terminate Residency at any time by giving Us written notice. If You die after having established Residency, Your death will be deemed a termination of this Agreement in accordance with this Section F.1. If this is a Joint Residency Agreement and only one Joint Resident terminates Residency, the remaining Resident will retain the rights and obligations of this Agreement.

In the event of termination in accordance with this Section F.1, You will receive Your Refund, if any, within sixty days after the later of (i) the date You have physically vacated (including removal of all of Your personal property from) Your Residence, and (ii) the date a new resident enters into a Residency Agreement with Us and pays Us the then current Entrance Fee for the Residence You have vacated. You may stop paying the Monthly Service Fee after such termination, as follows:

- a. If Your death is the cause of termination of this Agreement, You (Your estate) may stop paying the Monthly Fee thereafter as of the date all of Your personal property has been removed from Your Residence; provided that, if this is a Joint Residency Agreement, the Second Person Fee shall cease as of the date of Your death (the remaining Joint Resident shall thereafter pay the single person Monthly Service Fee applicable to Your Residence).
- b. If You terminate this Agreement for any reason other than Your death, You may stop paying the Monthly Service Fee upon the later of (i) the date You have physically vacated (including removal of all of Your personal property from) Your Residence, and (ii) the date a new resident enters into a Residency Agreement with Us and pays Us the then current Entrance Fee for the Residence You have vacated; provided that, in no case shall You be obligated to pay the Monthly Fee Service for more than ninety days after the date You have physically vacated (including removal of all of Your personal property from) Your Residence (if this is a Joint Residency Agreement, after the terminating Joint Resident physically vacates Your Residence, the remaining Joint Resident shall pay the single person Monthly Service Fee applicable to Your Residence).

2. Termination by Us

Once You establish Residency, We will not terminate Your Residency except for Good Cause. "Good Cause" means (a) proof that You are a danger to Yourself or others; (b) Your non-payment of any monthly or periodic fees; (c) Your repeated conduct that interferes with other Residents' quiet enjoyment of the Community; (d) Your persistent refusal to comply with Our reasonable written rules and regulations, policies and procedures or the Resident's Handbook; (e) a material misrepresentation made intentionally by You or recklessly by You in Your Application for Residency or any other document provided by You to Us regarding information which, if accurately provided, would have resulted in either Your failure to qualify for Residency or a material increase in the cost of providing to You the care and services

provided under this Agreement; or (f) a material breach by You of the terms and conditions of this Agreement. We will not terminate Your Residency until We have given You written notice stating the grounds of termination and a reasonable period of time for cure. The effective date of such termination will be stated in the written notice but will not be prior to the end of such cure period. If this is a Joint Residency Agreement, this termination may, depending upon the nature of the cause, apply to either one Joint Resident or to both and, if the termination applies to only one Joint Resident, provided the other Joint Resident then satisfies Our then current admissions criteria independently, such other Joint Resident will have the option of retaining the obligations and rights of this Agreement or terminating this Agreement.

In the event of termination in accordance with this Section F.2, You will receive Your Refund, if any, within sixty days after the later of (i) the date You have physically vacated (including removal of all Your personal property from) Your Residence and (ii) the date a new resident enters a Residency Agreement with Us and pays Us the then current Entrance Fee for the Residence You have vacated.

3. Termination Upon Cessation of Operations

Notwithstanding any other provision of this Agreement, in the event WindsorMeade ceases operating as a continuing care retirement community, this Agreement will be deemed terminated.

In the event of termination in accordance with this Section F.3, subject to the provisions of Section T hereof and the rights of creditors and other residents, You will receive Your Refund, if any, as soon as reasonably practicable in accordance with governing law and customary practice.

4. Refund for Joint Residents

If this is a Joint Residency Agreement, You shall not receive Your Refund in accordance with this Section F until sixty days after (i) both of You have physically vacated (including removal of all of Your personal property from) Your Residence, and (ii) a new resident enters into a Residency Agreement with Us and pays Us the then current Entrance Fee for the Residence You have vacated. Unless otherwise agreed by both of You and Us in writing, Your Refund, if any is due, shall be paid (i) in equal shares to both of You if the Residency of both of You is terminated simultaneously, or (ii) to the one of You whose Residency is terminated last if Residency is not terminated simultaneously.

5. Refund Payable to Trustee

Your Refund may be paid to the Trustee of an existing Trust if You have executed and delivered to Us an assignment document in such form and content as the Assignment of Refund document attached hereto as **Schedule B**, or such other document We deem appropriate, in Our discretion, provided such document is effective at the time such Refund is due.

this Agreement will be valid or enforceable unless set forth in a written document executed by all Residents who are parties hereto and on behalf of WindsorMeade by its President.

P. SEVERABILITY

Except as otherwise specifically provided in this Agreement, the invalidity or amendment of any restriction, condition or other provision of this Agreement, or of any part thereof, will not impair or affect in any way the validity, enforceability or effect of the rest of this Agreement.

Q. GOVERNING LAW AND COSTS OF ENFORCEMENT

This Agreement is made in Virginia, and it shall be governed and construed, in all respects, in accordance with the laws of the Commonwealth of Virginia. In the event of a dispute concerning the performance of this Agreement, the substantially prevailing party will be allowed to collect from the other party its court costs and reasonable attorney fees in such dispute.

R. INSURANCE

1. You agree to maintain health insurance coverage under Parts A and B of the Medicare Program; provided that, if You are not eligible for such coverage, You agree to obtain equivalent coverage in such amounts and from such carrier(s) as may be reasonably acceptable to Us.
2. We are not permitted to serve persons who are recipients of Medicaid, nor are recipients of Medicaid eligible for placement in the Health Care Center.
3. You may desire to obtain a long-term care insurance policy. We may provide an option for such coverage through one or more carriers selected by Us and make such coverage available to You for an additional charge.

S. NON-WAIVER OF BREACH

If in one or more instances We fail to insist that You perform any of Your obligations under this Agreement, such failure shall not be construed as a waiver of any past, present or future rights We have under this Agreement; Your obligations shall nevertheless continue in full force and effect.

T. NO OWNERSHIP INTEREST

The rights and privileges granted to You by this Agreement do not include any leasehold rights or interests nor include any right, title or interest in any part of the personal property, land, buildings or improvements owned or administered by Us. Your rights are primarily for services, with a contractual right of Residency. Any rights, privileges or benefits under this Agreement or any interest or contractual rights of any nature in VUMHW and/or WindsorMeade, including the right to any refund of the Entrance Fee, Your Refund or other benefit or payment hereunder, are and shall be subordinate in priority, right, claim and interest to any lien, charge, mortgage or other security interest or agreement now or hereafter placed on or affecting VUMHW and/or WindsorMeade or any of VUMHW's and/or

WindsorMeade's real or personal property, and to any amendment, modification, replacement or refunding thereof.

U. EVENTS BEYOND OUR CONTROL

Performance of Our duties hereunder shall be excused in the event of any Act of God (including, without limitation, hurricane, flood, tornado, etc.), or any strike, lockout, shortage of labor or supplies, riot, legal or other government restriction, or any other cause not reasonably within Our control.

V. ASSIGNABILITY

You may not assign Your rights or obligations hereunder, in whole or in part, nor may You subcontract Your right to reside in Your Residence, under any circumstances. We shall have the right to assign Our rights and obligations hereunder in whole or in part to any successor owner or lender, either outright or as security for any indebtedness of VUMHW and/or WindsorMeade, without Your consent. The transfer of ownership of VUMHW and/or WindsorMeade, or any part thereof, shall not be deemed a termination of this Agreement.

W. JOINT AND SEVERAL LIABILITY OF JOINT RESIDENTS

If this is a Joint Residency Agreement, each Joint Resident hereby agrees (i) to be bound jointly and severally by the terms and conditions hereof, (ii) to make provision in his or her respective estate planning documents (whether by will, trust, survivorship, pay-on-death, beneficiary designation or other designation) to satisfy the continuing obligations of the remaining Joint Resident under this Agreement after the death of the first Joint Resident to die, and (iii) that such obligations shall become an obligation of his or her estate. You hereby agree to provide us from time to time, upon Our request, with written evidence satisfactory to Us of Your compliance with Your obligations under this Paragraph.

WITNESS THE SIGNATURES of the parties to this Agreement.

RESIDENT(S):

5-19-08
Date

5-19-08
Date

Pauline A. Hillenbrand

Non-profit Continuing Care Retirement Communities (CCRCs): The Financial and Health Security They Can Provide

1. Guaranteed Return – Unlike a home, a refundable entrance fee protects residents from the risk of an impending down turn in the housing market. It provides security and a guarantee that they know exactly what level of cash will be available when they leave the community.
2. Cushion Against Inflation – Living in a community provides a cushion against inflation of health care costs, utilities, and food that an individual family would have trouble weathering alone. While it is true that the monthly fees can increase on an annual basis in a CCRC, that increase is very likely to be less than if each individual household was on its own dealing with increased costs at the grocery store, drug store, gas station, and from the utility companies.
3. Value Not Found Elsewhere – Entrance Fees have historically increased about 4% per year. Housing values and construction costs have skyrocketed 10 to 25% in some markets. The value of the services, quality amenities, and security of living in a retirement community could not be recreated in the general market outside a CCRC.
4. Secure Investment – Non-profit CCRC's are safe investments. The majority of non-profit CCRC's have been in existence for a number of years and many are sponsored by larger organizations that provide credibility and stability. It is also important to highlight the strength of board leadership and the member's tenure.
5. Financial Scrutiny – Organizations which are financed via the tax exempt public market go through a rigorous financial review with ongoing financial operating requirements. These reviews are fundamental to maintaining the financial integrity of the organization and protecting bond holders and residents.
6. State Regulation – The CCRC industry is highly regulated through state departments of health, insurance agencies, and other licensing entities. These regulatory agencies are in place to protect residents and the financial investment (entrance fees) they have made."

*WindsorMeade
of Williamsburg*



BOND COVENANTS, RATIOS AND OCCUPANCY PROJECTIONS

Due to economic conditions, WindsorMeade's sales and move-in figures have been slower than originally anticipated. As a result, WindsorMeade did not meet its marketing targets established in its bond financing documents for the period February 29, 2008 through September 30, 2009, and WindsorMeade did not meet its occupancy or operating ratio targets from February 28, 2009 through September 30, 2009. In consideration of these nationwide negative economic conditions, the holders of the bonds, and the banks which provided the letter of credit supporting a portion of the bonds, have agreed to provide waivers of these conditions and to amend the covenants, support and fee structures in the bond financing documents to reflect current economic realities more accurately. WindsorMeade fully expects to be able to meet these revised covenants and structures.

Independent Living Marketing, Occupancy and Operating Ratio Fiscal Year 2009							
Fiscal Year Ending	Marketing		Occupancy			Operating Ratio	
	Covenant	Actual	Covenant	Actual	% Occupied	Covenant	Actual
05/31/09	160	123	111	92	61.33%	1.06	0.68

Projected Occupancy Covenants FY 2010 and FY2011						
Quarter Ending	Independent Living		Assisted Living		Health Care	
	Projected Occupancy	Percent Projected	Projected Occupancy	Percent Projected	Projected Occupied	Percent Projected
08/31/09	90	49.72%	4	28.57%	0	0.00%
11/30/09	93	51.38%	4	28.57%	3	25.00%
02/28/09	97	53.59%	7	50.00%	7	58.33%
05/31/10	103	56.91%	12	85.71%	12	100.00%
08/31/10	108	59.67%	14	100.00%	12	100.00%
11/30/10	111	61.33%	14	100.00%	12	100.00%
02/28/11	120	66.30%	14	100.00%	12	100.00%
05/31/11	133	73.48%	14	100.00%	12	100.00%

DOCUMENT 3

In reference to our payment of entrance fees in May of 2008 – fiscal information provided to us was the fiscal year, 6/1/06-5/31/07.

The above document shows the failure to meet occupancy covenants was known by management before we signed the entrance documents, including paying the big check. We were not advised of the covenant problem until long past the 5 month period when we could leave WindsorMeade with a minimum financial loss.

ALFRED W. GROSS
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

COMMONWEALTH OF VIRGINIA



P.O. BOX 1157
RICHMOND, VIRGINIA 23218
TELEPHONE: (804) 371-9741
TDD/VOICE: (804) 371-9206
<http://www.state.va.us/scc>

November 6, 2006

Mr. Thomas A. Cooper
Kane, Jeffries & Cooper & Janis, LLP
Forest Financial Building
7110 Forest Avenue
Richmond, Virginia 23226-3762

Re: Virginia United Methodist Homes, Inc. -
The Hermitage at Cedarfield
The Hermitage on the Eastern Shore
The Hermitage in Northern Virginia
The Hermitage in Richmond

The Lydia H. Roper Home
Roanoke United Methodist Home
Windsor Meade of Williamsburg

Dear Mr. Cooper:

This letter is to acknowledge receipt of the annual disclosure statements filed by you on behalf of the facilities noted above on October 2, 2006. The annual disclosure statements were filed in accordance with the requirements of § 38.2-4904 of the Code of Virginia. Acceptance of the filings should not be construed to mean that the provider complies with all the provisions of Chapter 49 of Title 38.2 of the Virginia Code.

In accordance with § 38.2-4904 A of the Code of Virginia, the provider should make the annual disclosure statement available by written notice to each resident at no cost. In accordance with § 38.2-4904 D of the Code of Virginia, the provider should amend its currently filed disclosure statement at any time if an amendment is necessary to prevent the disclosure statement from containing any material misstatement of fact or failing to state any material fact required. The provider must file any amendment with the Bureau of Insurance before distributing it to any resident. The provider is obligated to notify each resident of the existence of any such amendment or amended disclosure statement.

As we discussed, Virginia United Methodist Home of Williamsburg, Inc. may wish to register Virginia United Methodist Home of Williamsburg, Inc. as the provider of the facility located in Williamsburg. You indicated you may submit an application in January.

Sincerely,

Daryl Hepler

Ms. Daryl Hepler, AJRC, CFE, FLMI, PAHM
Senior Insurance Financial Analyst
Company Licensing & Regulatory Compliance
(804) 371-9999
(804) 371-9511 Facsimile

Enclosure

Virginia United Methodist Homes of Williamsburg, Inc.
a Continuing Care Provider

&

Virginia United Methodist Homes, Inc.
a Continuing Care Provider

7113 Three Chopt Road, Suite 300
Richmond, Virginia 23226

For

Windsor Meade of Williamsburg
3900 Windsor Hall Drive
Williamsburg, Virginia 23188

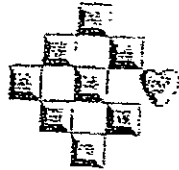
2011 - 2012 11/4/12 Received By Resident
6/1/10 - 5/31/11
FY Date

Rest of COF 2
4905 - 4911

This is a disclosure statement intended to comply with the provisions of Section 38.2-4900 through 38.2-4904 of the Code of Virginia of 1950, as amended. The filing of this disclosure statement with the State Corporation Commission of Virginia does not constitute approval, recommendation or endorsement of the facility by the State Corporation Commission.

Virginia United Methodist Homes, Inc.

a Continuing Care Provider
7113 Three Chopt Road, Suite 300
Richmond, Virginia 23226-3643



FILED
COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

October 2, 2006

COMMISSIONER OF INSURANCE
BY *Daryl Roper*

Disclosure Statement For:

The Hermitage in Richmond
1600 Westwood Avenue
Richmond, Virginia 23227-4682

Hermitage on the Eastern Shore
23610 North Street
Onancock, Virginia 23417-2024

Hermitage in Northern Virginia
5000 Fairbanks Avenue
Alexandria, Virginia 22311-1241

Roanoke United Methodist Home
1009 Old Country Club Road, N.W.
Roanoke, Virginia 24017-0339

The Hermitage at Cedarfield
2300 Cedarfield Parkway
Richmond, Virginia 23233-1938

Lydia H. Roper Home
127 East 40th Street
Norfolk, Virginia 23504-1099

Separate Disclosure Statement Available For:

Windsor Meade of Williamsburg
453 McLaws Circle, Suite 2
Williamsburg, Virginia 23185-9939

2006-2007

This is a disclosure statement intended to comply with the provisions of Section 38.2-4900 through 38.2-4904 of the Code of Virginia of 1950, as amended. The filing of this disclosure statement with the State Corporation Commission of Virginia does not constitute approval, recommendation or endorsement of the community by the State Corporation Commission.

Company Number	Company Contact Information:
C0080	VIRGINIA UNITED METHODIST HOMES OF WILLIAMSBURG, INC. AND VIRGINIA UNITED METHODIST HOMES, INC. 7113 THREE CHOPT ROAD, SUITE 300 RICHMOND, VA 23226 (804) 474-8700
Company Type Information	
<p>A Continuing Care Retirement Community is a facility that provides board, lodging and nursing services to individuals on a long-term basis. Residents sign an agreement with the continuing care retirement community and pay an entrance fee. Although registered with the Virginia Bureau of Insurance, a continuing care retirement community is neither licensed nor regulated. It is suggested that prospective clients consult with their financial advisers before contracting with a continuing care retirement community.</p> <p>Please be aware that although a company is authorized, it may not necessarily write your business. If you are having problems with availability, it is suggested that you contact your local agent or the Bureau at <u>Bureau of Insurance</u> or (804) 371-9741.</p> <p>Some companies have provided us with a link to that company's website. The fact that a link is provided should not be considered an endorsement by the Bureau of the company, its products, the views expressed or the facts presented on that company's website.</p>	
Close	
Print	

**COMMONWEALTH OF VIRGINIA
HOUSING COMMISSION**

CCRC WORKGROUP

Session two, 05 September 2012

Mr. Chairman and Workgroup members. Thank you for the opportunity to share with you some thoughts based on our 14 June 2012 session. First, let me thank Ms. Palen and her staff for the House Documents as reference.

This summary and synopsis recaps the 'Discussion' detail contained in this paper.

SUMMARY

CCRC residents should resolve their CCRC concerns constructively at the local level. Constructive collaboration between residents and owner/operators will negate the need for legislation. State agencies have oversight responsibilities for CCRCs to include Disclosure Statements. Use of regulating agencies and referenced publications should be the spring boards for the interchange at the local CCRC level. A review and reinforcement, as opposed to enforcement, of oversight responsibilities would be beneficial to all parties. Implementing, as appropriate, the recommendations and suggestions in the referenced documents should be a consideration.

SYNOPSIS

The following referenced documents provide a basis for initiating discussions at the local level.

[House Document numbers 30,46,57; U.S. Senate Special Committee on Aging, 2010; the “CCRC Task Force” publication (Jane E. Zarem, Editor, July 2010); ‘Suggested Best Practices for CCRC Disclosure and Transparency’ (Leading Age) and the NaCCRA Financial Soundness Committee statement pertaining to Escrow (Mr. Walton Boyer, Executive Committee, NaCCRA; NaCCRA Lifeline, May/June 2012)].

- Residents of CCRCs should work with owners/operators for resolution of Disclosure Statements concerns and contract concerns.

- Clarity and ease of reading (“Easy Speak”) of Disclosure Statements becomes a dichotomy when an appropriate grammatical level is considered. The use of graphics would assist interpretation of data.

- Reenforcement, by State agencies having oversight responsibilities for CCRCs may be worth discussion.

- All parties are to work in a cooperative, non-adversarial environment

- Any action undertaken by residents, either collectively or singly, should be a positive direction to meet a documented ‘need’ as opposed to ‘wants’ which often manifests itself in a negative approach to resolution

- Resolution of perceived or documented issues in the CCRC sector must be a positive unbiased action.

- Advisory entities can best serve a purpose when the entity is at the local CCRC level. The diversity of concerns/‘wants’ in the CCRCs support that.

ADDENDUM TO SUMMARY AND SYNOPSIS

If I may borrow a comment from a 1940's radio news commentator, 'This just in'.

Ms. Amy Marschean, Senior Policy Analyst, DARS, Ms. Daryl Hepler, Financial Analyst, SCC, BI have provided information that confirms that the recommendations of House Document No. 57, 1993, Appendix B; The Feasibility and Desirability of Creating a Continuing Care Advisory Council have been codified in the Code of Virginia and or implemented by the appropriate oversight Commonwealth of Virginia Agency. Ombudsman input, pending.

That information supports a consideration for this Workgroup to recommend that the CCRC oversight agencies reinforce those recommendations with CCRCs. Further, that the oversight agencies provide, to this Workgroup, a statement as to CCRC compliance or non-compliance and if needed corrective measures taken.

The status of the DARS recommendations in Appendix B to House Document Number 57, an e mail was sent to Ms. Amy Marschean, Senior Policy Analyst, DARS; Ms. Daryl Hepler, Senior Financial Analyst, BI [SCC],. In summary of input from that email, recommendations 1, 5, 7 were 'enacted'; 1, 5, 6 have not been 'implemented'; 2,3,4, and 6 have been acted upon by the parties referenced [no outcome/status was given]. That input seemly supports: - The need for reinforcement of the recommendations having oversight responsibilities for respective recommendations. - CCRC concerns should be explored at the local CCRC level. - Unresolved CCRC concerns should be referred to the applicable oversight agency with legislative or study group avenues as a last resort.

Since the contents of disclosure statements and resident contracts apparently are well established and documented; the need for a CC Advisory Council may or may not be warranted; escrow accounts are a management decision; and CCRCs have a diversity of footprints and owner/operator structures; more legislation encompassing all CCRCs does not appear feasible. The question of a CC Advisory Council should be left to a Study specific to that end with strong consideration given to establishing such a Council at the 'local' CCRC level, again because of the diversity of CCRC operations and structure.

Ms. Marschean, and Ms. Hepler are applauded for their efforts in extensive research with respect to the recommendations in House Doc 57. Thank you for that. al daCosta 3.

DISCUSSION

The oversight and enforcement of CCRCs to include Disclosure Statements (DS) is a responsibility of the Va, State Corporation Commission (SCC). [Evidence of that is the SCC stepping in as it did for residents of The Glebe and curtailing the collection of entrance fees during the C-11, bankruptcy process]. Content of the DS and applicable regulations are cited in appendix C of House Document No. 30.

As a stakeholder in a CCRC the resident has a vested interest in their Life Care/Continuing Care (L/CC) contracts. Those contracts are focused on L/CC and services as detailed in the contracts. Resolution of residents' concerns depends on a collaborative initiative between the resident and owner/operator of the CCRC. Unresolved concerns can be referred to the appropriate State regulatory agency to include the Ombudsman for residents.

CCRC resident and owner/operator use of regulating agencies and referenced publications should be the spring board for constructive resolution of CCRC residents' concerns.

As to the adequacy of existing law or its workings within the parameters of the law; it may be wise to consider requesting a statement from the SCC as to the % of annual CCRC disclosure statements reviewed and examples of enforcement actions. The SCC reply to that request may provide an insight into what more needs to be addressed in the CCRC

sector with regards to disclosure statements; fiscal viability, stability, transparency and other financial matters. That SCC reply should be made a part of the official record and findings of this Workgroup.

As to 'universal legislation': As stated by Sen. Barker, Ms. Trigani, and Ms. Hepler; CCRCs are diverse and general legislation applicable to all (CCRCs) is difficult. With respect to 'enforcement' of other compliance with the law and enhanced transparency, consideration should be given to the inclusion of verbiage within the disclosure statement (DS), to the affect that the DS will be made available to residents of the respective CCRC by resident request; that a reference copy will be placed in the CCRC library or identifiable repository; and that commentary session(s) will be held by the CCRC owner/operator on a schedule published and distributed to CCRC residents. A statement should also be included reminding residents to seek professional (CPA, Financial Planner, Attorney) review of the DS and contract. Questions from the review should be referred to CCRC owner/operators.

This consideration should heighten CCRC resident awareness through publicized availability of the DS and provide enhanced opportunities for transparency and understanding through open participation and interchange between residents and the CCRC operator and provider staffs. This moves in a positive way toward an aspect of CCRCs that only may need reinforcement.

As to the Atlantic Shores Cooperative Retirement Community [ASCRC] (CIC) [coop approach] presentation: Applying the ASCRC concept to existing and future CCRCs is best left to CCRC owners and operators. The coop approach *may* improve transparency since the Board is primarily made up of residents. However, the question of coop and CCRC executive sessions have a bearing on a true and realistic transparency. To the extent that residents are involved with budgets; that involvement begs the question of efficiency which is hampered by the lack of financial experience and a level of expertise in formulating realistic and viable budgets. Budget development and execution are at the heart of an organization. When a depth of financial experience is lacking among CCRC residents the organization is subject to financial failure.

Any further study of CICs for benefits of organization and management to CCRCs may best be left to another study. The complexity of such a study compounded by the diversity between CICs and CCRCs may need a study composed of CIC and CCRC providers/owners with some CCRC resident members. That study could result in a collaborative sharing and potential transfer of organization and management philosophies.

As pertains to residents receiving partial, incomplete financial information; have the residents asked for the information? Asked again? And Again? Asked until the answer is what the CCRC needs (as opposed to a resident 'want'). Is the problem of incomplete information one of

formatting the resident question? Constructive, as opposed to controversial communication between a CCRC resident and the CCRC owner/operator is an important avenue to transparency and a positive approach to achieving clarification of the DS and financial information.

Making the DS easier for residents to understand stems from asking the right question and, as put forth here and in other forums, making the DS language clearer and more easily understood. What is the easier language, “easy speak”, to be? What is the clearer DS format to be and what should be the grammatical level? Perhaps pictorial is an approach. Simplicity and clarity, at times, is best achieved thru graphics that present direct information.

Questions for changes to existing CCRC law or updates to existing CCRC law should be referred to the appropriate State agency for resolution. Virginia and its SCC is among several states that regulate CCRCs. [Virginia Department on Aging; House Document No. 46; p.4]. Purposes for regulation of CCRCs have been identified/stated by the American Bar Association [House Document No. 46; p.4]. [Financial stability; consumer protection; Financial Disclosure Statement; Contract Development]. Several Virginia agencies have various oversight responsibility for CCRCs. The Virginia SCC has financial oversight and enforcement responsibility. Should the SCC determine that protection and/or use of CCRC resident fees need evaluation then a state Continuing Care Committee may be warranted. [House Document No. 46;

p.13]. Consideration should be given to soliciting comments from the Virginia SCC to determine if there is a need or not for change. The SCC, CCRC owners, operators and CCRC resident councils are referred to a checklist in the U.S. Senate Special Committee on Aging, Titled: CCRC: Risk to Seniors, 21 July 2010. That checklist and a need for change when identified by the SCC will provide the basis for establishing any advisory body. Such a body remains an impasse as documented in Virginia House Document No. 57 [p.6;8]

Based on the proceedings to date of this Work Group, these comments do not support a continuing study of CCRCs beyond the findings of this WG or a SCC request for further study. The SCC through its oversight of CCRCs holds the key to any continued study. The comments and observations in this discussion are intended to encourage organizations/agencies, that have oversight responsibility for CCRCs, to constructively reenforce that oversight. Further, to encourage resolution of CCRC concerns at the local CCRC level.

Thank you
al daCosta, Resident, The Glebe

Cf: Ms. Palen, Executive Director, Housing Commission
Sen. Barker, Chairman, Workgroup
Ms. Fuentes, Facilitator, Workgroup

DISCLOSURE STATEMENT QUESTIONNAIRE SUMMARY

The following is a summary of the responses from Glebe Independent Living (IL) residents who responded to the Glebe Disclosure Statement Questionnaire [DS].

Interpretation of the responses will vary as to those residents reviewing this summary.

Independent responses were expected, however, by notation and comment some responses were biased based on second and third party input. The Questionnaire was undertaken as an independent information gathering 'indicator' of the DS interest among a segment of Glebe IL residents.

Residents Receiving A Questionnaire	64
% of the Independent Living Census	43.2
Responses Received	26
% of Questionnaire Recipients	41

AWARENESS (of Disclosure Statements)	Percent [%]		
	Y	N	No Reply
- Glebe DS	85	15	0
- Entitled to a copy	88	12	0
- How to get a copy	65	31	4
- Copy in the Library	54	46	0
- Have read most recent [DS]	42	54	3

INFORMATION (in the DS)			
- Found what was needed/wanted	38	3	58
- Understood the information	46	12	42
- Sought Clarification	3	35	58
- Clarification Satisfactory	3	3	93

VALUE (of the DS)			
- TO RESPONDENT	58	30	15

OTHER

- Was the information found that was needed?

Approximately 3 replies were entered. Those replies seemed related to the C-11 Restructuring Plan and not related to the DS.

- From Who did you seek clarification [the intent here was to determine who in management was contacted]

One instance, clarification was from another resident

- Comments on the overall DS

– Adequate – Pretty clear – Wordy – Need synopsis
– Value: Unlikely; on occasion

- Improvements to the DS

– Don't know – Write a simplified Statement
– Reflect: — Totals for o Debt o Interest o Income
o Operating Expense
— Reduction in Debt

– Simplify to the layperson
– Periodic Financial Statements [??]
– Leave interpretation to Accountants
– Schedule information sessions for those [residents] having questions/concerns

Specific comments were in more cases than not from one respondent and the same respondent in each of the categories. Thereby comments from any significant numbers of respondents are minimal.*

MY TAKE TO THE WG: Based on a quasi- questionnaire to a segment of IL residents of The Glebe on the DS is that, the diversity of CCRC structures and owner/operator management, indicates a need to resolve DS concerns at the local CCRC level. That local resolution should consider a revised DS format as monies in, monies out and with graphics. Having a resident directly involved with the CCRC budget process is adding another layer to the operation/management structure. Without discretionary decision making authority [not responsibility] a resident in the owner/operator management and budget process will become another hurdle and cumbersome to efficiency. Residents' concerns need to be addressed as individual or Residents' Council matters at the local level without mandates.
al daCosta

ad-ds-su.1

SAMUEL A. DERIEUX
2106 Cedarfield Lane
Richmond, Virginia 23233-1937

804 474-8946
s.derieux@comcast.net

September 5, 2012

Members of the CCRC Study Work Group
Virginia Housing Commission
910 Capitol Street, Second Floor
Richmond, Virginia 23219

Ladies and Gentlemen:

I am a resident of The Hermitage at Cedarfield and am here today on behalf of the Cedarfield Residents' Council. I am a former president of the Residents' Association and am currently chairman of its Finance Committee.

I am also a former Chairman of the Board of Westminster-Canterbury of Richmond and the Westminster-Canterbury Foundation. Therefore, I have a unique perspective of CCRCs from the standpoints of resident and board member. As a CPA, I have a naturally keen interest the financial and accounting aspects of CCRCs.

Our objective is to assure residents of all Virginia CCRCs that those who govern and manage such facilities are held to high standards of accountability and transparency. Many Virginia CCRCs are not-for-profit organizations and are church related. We believe the study being carried out by the Virginia Department of Housing can provide means of assuring that not-for-profit CCRCs meet the high standards expected of them by residents and the public.

The responsibility for policy and operating decisions rests with the governing boards and management, but residents can be a valuable source of experience and help in formulating policies and operating procedures. Resident involvement can benefit the CCRC as well as the residents. Some facilities make extensive use of residents' knowledge and experience, but others seem reluctant to do so.

We appreciate the opportunity to address these issues and provide input into your important study.

Sincerely,

Sam A. Derieux
—SD

Cedarfield Residents' Council
Statement for Virginia Department of Housing
CCRC Study

September 5, 2012

Executive Summary

The quality of life in a retirement community depends on physical comfort and peace of mind. Physical comfort is a result of the quality of services for board, lodging and health care. Peace of mind results from the confidence residents have in the facility, its governing body and its management. Confidence levels are higher at those facilities in which residents are well informed about financial and policy matters and in facilities which take advantage of residents' experience, knowledge and expertise in the formulation of policies and budgets.

We recognize that there are CCRCs which have excellent relations with residents and are open and transparent in their dealings. Unfortunately that is not always the case. Therefore, we make the following recommendations for application to not-for-profit CCRCs:

- Virginia Code Section 38.2-4910 states that quarterly meetings of a board's representative with residents' representatives are "...for the purpose of free discussion of issues relating to the facility. These issues may include income, expenditures and financial matter as they apply to the facility and proposed changes in policies, programs, facilities and services." If providers are allowed to opt out of free discussion of those subjects, Section 38.2-4910 is of no benefit to residents. **We recommend that by regulation or legislation it be made clear that residents have the option of including those subjects in the quarterly meetings. It is further recommended that the *financial matters* mentioned in 38.2-4910 must also include assets and liabilities of the facility and sufficient information to justify increases in fees.**
- Virginia Code Section 38.2-4902 states that the Annual Disclosure Statement shall contain "a description of the manner by which the provider may adjust periodic charges or other recurring fees and any limitations on such adjustments". The Cedarfield Residency Agreement states that increases in monthly fees will be based on increases in the cost of care. **We recommend that by regulation or legislation it be made clear that providers must provide residents actual computations of the application of formulas or other criteria which are conditions for fee increases.**
- It is important for members of governing boards to be aware of the needs and concerns of residents. Residents are a potential source of experience, knowledge and expertise which can be of substantial benefit to the facility. Residents should have opportunities to contribute to the development of policies, programs, facilities and services. **We recommend that residents of each facility be provided with opportunities for direct interaction with members of governing boards by (1) serving on the board, (2) serving as members of board committees including the finance committee, (3) being invited to attend board meetings or (4) meeting periodically with board members under conditions allowing for effective discussion.**

Cedarfield Residents' Council

Statement for Virginia Department of Housing CCRC Study

September 5, 2012

The quality of life in a retirement community depends on physical comfort and peace of mind. Physical comfort is a result of the quality of services for board, lodging and health care. Peace of mind results from the confidence residents have in the facility, its governing body and its management. Confidence levels are higher in those facilities at which residents are well informed about financial and policy matters and in facilities which involve residents in the formulation of policies and budgets. Taking advantage of residents' experience, knowledge and expertise can be beneficial to the provider in addition to contributing to the residents' confidence in those who govern and management the facility.

Residents are the primary stakeholders of not-for-profit CCRCs, and our comments and recommendations address their needs. It is reasonable to expect that CCRCs that are not-for-profit charitable organizations will operate with high standards of openness and transparency. We believe adherence to such standards will benefit the organization and provide residents with assurance that their physical and financial wellbeing are being diligently pursued by the management of the CCRC.

The Hermitage at Cedarfield

The Hermitage at Cedarfield is one of six facilities of Virginia United Methodist Homes, Inc. (VUMH). Another VUMH facility known as WindsorMeade is separately incorporated. As is the case in other continuing care communities with life care contracts, the residents of Cedarfield have entrusted their future wellbeing and substantial resources to the board of directors and management of the facility.

Many Cedarfield residents, like those of other retirement communities, have fixed or declining income. Even in the best of times, the compounding effect of fee increases is a cause for concern.

At Cedarfield, lifecare entrance fees currently range from \$144,650 to \$512,026 for a single resident plus \$66,261 for the second person. Monthly lifecare fees are from \$2,327 to \$5,182 plus \$1,400 for the second person. As residents, we are the primary stakeholders in the financial condition and operations of Cedarfield and feel that we should be entitled to extensive financial information about our facility.

We receive financial information on a quarterly basis. The unaudited financial statements we receive include VUMH balance sheets and statements of operations compared to budget as well as Cedarfield statements of operations compared to budget. This is good information, and we appreciate receiving it. But it does not go far enough.

The Hermitage at Cedarfield
(continued)

The quarterly statements give us no information about the assets and liabilities of Cedarfield. We have asked for Cedarfield balance sheets and were told that the Board of Directors will not allow that information to be disclosed. Once we asked for the book value of the property, plant and equipment at Cedarfield but were told that even that information would not be provided. We think management would want us to know how much has been invested in Cedarfield, but that is not the case.

Neither do the quarterly statements provide any information about the disposition of the funds generated by Cedarfield. We know from the annual Disclosure Statement the amount needed for principal payments on Cedarfield bonds, but beyond that we can only speculate. Our efforts to obtain more information have been unsuccessful.

As required by Section 38.2-4902 of the Code of Virginia, the annual VUMH Disclosure Statement contains audited consolidated financial statements. But those statements lump Cedarfield together with the other five facilities in the parent corporation. So the only separate reporting on Cedarfield consists of the quarterly statements of operations.

Many other CCRCs are single community corporations. Those facilities would receive a full set of financial statements on an annual basis. As one of six facilities of VUMH, we never receive Cedarfield balance sheets, much less full sets of financial statements.

We are at a loss to know why the VUMH Board of Directors does not want us to have the financial information we have requested.

Management's unwillingness to be open and transparent about financial matters causes residents to wonder what it is they do not want us to know.

Application of Virginia Code Section 38.2-4910

Virginia Code Section 38.2-4910 requires quarterly meetings of the board of directors or its designated representative with residents or their representatives. The VUMH board has designated the Executive Director of each of its facilities as their representatives for these meetings. The residents have no way of knowing if their concerns are actually transmitted to the board.

Section 38.2-4910 goes on to say these meetings are "...for the purpose of free discussion of issues relating to the facility. These issues MAY include income, expenditures and financial matters as they apply to the facility and proposed changes in policies, programs, facilities and services" (emphasis added). VUMH has interpreted the word "may" to mean that free discussion of the listed subjects is optional. If such discussion is optional and the provider (VUMH) can exercise the option, this wording does nothing to benefit residents.

If the word "may" is interpreted to mean that residents are entitled to free discussion of these subjects, there could still be differences of opinion about the extent of financial and other information necessary to meet the definition of a free discussion.

Section 38.2-4913 states, "The Commission shall have the authority to adopt, amend or repeal rules and regulations that are reasonably necessary for the enforcement of the provisions of this chapter".

Recommendation: Whether by regulation or legislation, it is recommended that it be made clear that residents have the option of including these subjects in the quarterly meetings. It is further recommended that the *financial matters* mentioned in 38.2-4910 must also include assets and liabilities of the facility and sufficient information to justify increases in fees.

Cost of Care

Our Residency Agreement allows VUMH to raise monthly fees “from time to time to reflect increases in the cost of care”. How could that requirement be met without computing the cost of care? We have been told that the cost of care includes some costs over and above those that are disclosed in our budget. Our questions about such additional costs have been answered in general terms, and the description has varied from time to time. We have never been provided with the amounts of those costs nor have we been told how they are calculated. We wonder if they have actually been calculated.

Our concerns about the increases in monthly fees were intensified when we received the 2008/2009 budget. We found that operating expenses had *decreased* by more than \$300,000 but monthly fees were *increased* 4%. When asked about this, the person who was then COO of VUMH said that the fees were competitive. Our fees should be based on our cost of care rather than on what competing facilities charge.

Management has been more considerate recently, and increases have been less than in prior years. However, monthly fees still appear to us to be substantially more than the cost of care. Management has refused to show us how the cost of care is calculated, so residents have no assurance that fee increases have been necessary. If they are necessary, management should be willing to demonstrate the need.

Although there are indications to the contrary, we have been told that Cedarfield “fees are not set in consideration of the needs of other VUMH communities”. Prospective residents are being told that fees are based on costs “of the community”. We have been trying for many months to arrange a meeting with the president of VUMH to discuss cost of care issues.

Recommendation: We recommend that by regulation or legislation it be made clear that providers must provide residents actual computations of the application of formulas or other criteria which are conditions for fee increases.

Residents' Relations with Governing Boards

Interactions between residents and governing boards vary greatly from facility to facility. Good relationships build confidence. The lack of a good relationship can result in the erosion of trust. A good relationship cannot exist in the absence of interaction.

We are aware that some CCRCs involve residents in the formulation of policies and provide regular opportunities for interaction. In some cases that is done through resident service on board committees including such important committees as finance, audit and even compensation. We are also aware of at least one which intends to put residents on its board of directors.

Residents can be a source of expertise and experience in support of many management functions. We heard recently of an instance where a resident who is a retired engineer solved a problem that neither management nor its consulting engineers could solve. We do not understand the reluctance of management of some facilities to take advantage of such a rich source of expertise.

Virginia United Methodist Homes, Inc. has facilities in different parts of Virginia making it difficult, if not impossible, for residents to get to know all board members. The 2011/2012 VUMH board had members from the Richmond area, Northern Virginia, Williamsburg and Danville. However, some direct interaction is possible and would be beneficial to the board members as well as the residents.

Several years ago, two board members from the Richmond area came to Cedarfield for a social visit late one afternoon. It was very pleasant, but there was no opportunity for any meaningful conversation.

Recommendation: Residents of each facility should be provided with opportunities for direct interaction with members of the governing board. Such interaction could be provided by:

- Residents serving on the board
 - Residents serving as members of board committees including the finance committee
 - Residents' representatives being invited to attend board meetings
- or**
- Board members meeting periodically with residents under conditions allowing for meaningful discussions